GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:961
ANSWERED ON:24.11.2000
NON-BANKING COMPANIES IN BIHAR
RAGHUVANSH PRASAD SINGH;SUKDEO PASWAN

Will the Minister of FINANCE be pleased to state:

(a) the number of Non-banking Companies functioning in Bihar;

(b) the number of depositors deposited the money in Non-Banking Companies between the years 1996and 1998 and the amount thereof;

(c) the number of Non-banking companies out of the above mentioned Non-Banking Companies disappeared after collecting money from depositors and have not invested in Bihar;

(d) the action taken by the Government against those Non-banking Companies which disappeared with the amount deposited by the depositors; and

(e) the measures adopted to stop such malpractices of Non-banking Companies ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a), (b) &(c) :- The Reserve Bank of India has reported that 507 Non-Banking Financial Companies (NBFCs)which were incorporated in Bihar State have sent applications for Certificate of Registration, out of which 288 NBFCs were in category `A` i.e. companies accepting deposits from public. As per information available with the Reserve Bank of India which is based on the returns submitted by the NBFCs, the total amount of depositsas on 31st March, 1998 was Rs. 6987.69 lakhs. The details of number of depositors are not available with Reserve Bank of India. Out of 288 applications from NBFCs for Registration under category `A`, RBI has rejectec application of 239 companies who did not respond to RBI`s letters. A list of suchcompanies which have been treated by RBI as companies that have disappeared has been sent to the State Government.

(d) & (e): - Comprehensive regulatory framework has been put in place which is aimed at protecting the interests of the depositors and ensuring that Non-Banking Finance Companies function on sound and healthy lines. The regulatory frameworkincludes inter-alia compulsory registration, maintenance of liquid assets, transfer of at least 20% of net profit to reserve fund and empowering RBI to issue directions to NBFCs. RBIalso takes various actions against errant NBFCs for various defaults and contravention of provisions of RBI Act and directions issued thereunder.